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Chile

Tomatoes and Products

Annual

2008

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Report Highlights:
Chile's tomato production is expected to increase, as planted area will increase slightly for both, fresh consumption and processing.

Includes PSD Changes: No
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

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Executive Summary

Tomato production for fresh consumption is expected to rebound in MY2007/08 after a fall in planted area and production in MY2006/07 when compared to the previous year. A similar scenario is expected for planted area and production of tomatoes for processing.

Fresh Tomato Production

Tomato Production and Trade				
	2006	**2007**	**2008** 1/	Units
Production for fresh use	6,500	6,350	6,550	Hectares
Production for processing	8,500	8,000	8,700	Hectares
Fresh consumption	275,000	268,000	280,000	M.T.
Consumption for processing	645,000	635,000	655,000	M.T.
Fresh exports	62	411	100	M.T.
Fresh Imports	0	0	1	M.T.

1/ Estimates

Planting of tomatoes for fresh consumption varies little from year to year and is not expected to change significantly in the coming years. Planted area for fresh consumption during MY2006/07 fell slightly due to adverse weather conditions. For MY2007/08 planted area increased again to the approximately 6,500 ha that are normally planted every year. Due to this shorter production exports of fresh tomatoes fell significantly. Argentina is Chile's main export market.

Industry sources have indicated that due to changes in varieties of tomatoes that have a longer shelf life but not as tasty, consumers have reduced out of season consumption of tomatoes. As a result domestic prices had been falling for the last few years, and as a result of the smaller production in MY2006/07 domestic prices of fresh tomatoes increased 32 percent in average during CY2007, in real terms.

Tomatoes for fresh consumption are planted throughout Chile from Arica to Tierra del Fuego. Almost 1,500 hectares of tomatoes are planted in greenhouse with drip-irrigation systems, these are all for fresh consumption. Tomatoes that go to the processing industry are produced in the irrigated central valley of Chile, mainly from Region V through Region VII. In Chile there is a year-round tomato production for fresh consumption.

Out of the total tomato planted area for fresh consumption, 67 percent are planted from Region V (Valparaiso) through Region VII (Talca). Over 800 hectares are planted in Region I (Arica). A 66 percent out of the total planted area is produced in greenhouses in Valparaiso and a 13 percent is produced in Talca, also in greenhouses. An estimated 56 percent of the total planted area and production comes from small producers with less than 2 hectares planted. An estimated 24 percent comes from medium size producers with less than 8 hectares and 19 percent from large producers. In total there are over 9,200 producers of tomato for fresh consumption in Chile.

Tomato production for fresh consumption is estimated to be close to 300,000 MT, there are no official statistics kept on area planted or production in Chile. Out of this total normally 99 percent is destined for domestic consumption. Only small and variable amounts are exported every year. Imports are also very small and sporadic, as a result production of tomatoes for fresh consumption is determined fundamentally by the domestic market. Statistics show imports of tomatoes for fresh consumption, for the first time from the United States in March 2008. A total of 1.3 MT was imported with a CIF value of US$2,250.

Tomatoes in Chile are one of the vegetables used by the Authority to estimate the price index, consequently its prices variations have an impact in the monthly inflation rate.

Prices Table			
Country	Chile		
Commodity	Fresh Tomatoes		
Prices in	pesos	per uom	Kg.
Year	2005	2006	2007
Jan	191	194	238
Feb	169	162	207
Mar	170	183	203
Apr	206	187	197
May	196	199	216
Jun	206	242	296
Jul	192	297	325
Aug	203	281	357
Sep	212	300	460
Oct	286	294	487
Nov	321	306	488
Dec	250	252	341
Average	217	241	318
Exchange Rate	446	Local Currency/US $	
Date of Quote	30/04/08	MM/DD/YYYY	

Average domestic prices of tomatoes for fresh consumption have been falling slightly every year from 1992 to 2005 because total output has been growing also every year due to an increase in productivity. The use of improved varieties with longer shelf life and an increase of out of season production (in greenhouses) has contributed to increase the offer and reduce consumer prices. The domestic tomato price rose during CY2006 and significantly more during CY2007 due to a smaller harvest that was in some central producing areas severely affected by low temperatures and frost. During the winter months tomatoes are mainly produced in Region I (Arica) which is an estimated 2,000 Km from the main consuming area, Santiago. Production in Arica is followed by production in Region III (Copiapo) and Region IV (Ovalle). These last two production areas were affected by adverse weather conditions during early spring of CY2007 which resulted in significant increases of tomato prices. It is expected that average prices will fall again if normal weather conditions prevail during CY2008.

Argentinean production was reportedly also affected by adverse weather conditions, low temperatures in their main production areas in the province of Buenos Aires, which increased their domestic prices to an equivalent of CH$5,300 per Kilo. As a result during the months of August and September almost 400 MT were exported to that market. Argentina used to be an important market for fresh tomatoes, but a severe economic crisis that affected Argentina during the first half on this decade made exports fall significantly.

Export Trade Matrix (Volume and Value)					
Country	Chile				
Commodity	Fresh Tomatoes				
Time Period	Jan-Dec	Units:	M.T.		
Exports for:	2005		**2006**		**2007**
U.S.	66	U.S.	0	U.S.	1
Others		Others		Others	
Argentina	148	Spain	29	Argentina	396
Spain	23	Argentina	23	Falkland Isl.	9
U.K.	8	U.K.	8	U.K.	4
Falkland	2	Falkland Isl.	2	Netherlands	1
				Japan	1
				Mexico	1
Total for Others	181		62		410
Others not Listed	0		0		0
Grand Total	247		62		411
Time Period	Jan-Dec	Units:	Thous.US $		
Exports for:	2005		**2006**		**2007**
U.S.	194	U.S.	0	U.S.	2
Others		Others		Others	
Argentina	68	Spain	23	Argentina	412
Spain	23	Argentina	11	Falkland Isl.	16
U.K.	17	U.K.	15	U.K.	6
Falkland	4	Falkland Isl.	4	Netherlands	3
				Japan	4
				Mexico	1
Total for Others	112		53		442
Others not Listed	0		0		0
Grand Total	306		53		444

Tomato Production for Processing

Total planted area of tomatoes for processing shows small variations from to year to year. Plantings follow the foreign demand for tomato products. Presently there are only two processing industries in Chile that produce tomato paste and these reportedly have most of their production committed at the time they fix planting contracts with the farmers. Sources indicate that in the long run, planted area and production figures probably will not vary significantly as the industry is presently producing at more than 85 percent of capacity. Chile's tomato production (planting and processing) represents less than 4 percent of total world production.

Tomatoes for processing are planted from mid-September through early November of each year and harvested from early-mid January through mid April. During the planting season, frosts are an important limiting factor in many growing areas. A dry summer, with significant temperature changes between day and night during the growing season, allows growers to produce tomatoes with a deep red color. Over 95 percent of tomatoes harvested for processing are destined for paste production. The tomato products industry mainly targets the export market.

Tomatoes for industrial purposes are planted in the central area (Regions V through VII and the Santiago Metropolitan Region).